



**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**PREHEARING ORDER**

OAL DKT. NO. PUC 1874-05

AGENCY DKT. NO. EM05020106

Name of Agency: Board of Public Utilities

**IN THE MATTER OF THE JOINT PETITION  
OF PUBLIC SERVICE ELECTRIC AND GAS  
COMPANY AND EXELON CORPORATION  
FOR APPROVAL OF A CHANGE IN CONTROL  
OF PUBLIC SERVICE ELECTRIC AND  
GAS COMPANY, AND RELATED  
AUTHORIZATIONS.**

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Pursuant to *N.J.A.C. 1:1-13.1 et seq.*, a prehearing conference was held in the above-entitled matter on March 4, 2005, and the following procedures were established:

**1. NATURE OF PROCEEDING AND ISSUES:**

a. Nature of proceeding:

This matter involves a joint petition requesting various approvals and determinations as follows:

- (1) Approval of indirect acquisition of control by Exelon and direct acquisition of control by Exelon's subsidiary, Exelon Energy Delivery, of Public Service Electric and Gas Company (PSE&G) pursuant to *N.J.S.A. 48:2-51.1*.
- (2) Approval of the transfer of 100% of the outstanding shares of PSE&G common capital stock from PSEG, the parent company of PSE&G, to Exelon and approval of the transfer of 100% of the outstanding shares of

PSE&G common capital stock from Exelon to Exelon Energy Delivery pursuant to *N.J.S.A. 48:3-10* and *N.J.A.C. 14:1-5.10*.

- (3) In regard to accounting for the merger, to preserve the current rate treatment of PSE&G's pension plans and other retirement benefits (OPEB), joint petitioners request that a regulatory asset be recorded to offset the purchase accounting adjustments associated with the pension and OPEB plans.
- (4) Approval of the General Services Agreement (GSA) and the Mutual Services Agreement (MSA) pursuant to *N.J.S.A. 48:3-7.1*.
- (5) Approval of PSE&G's execution of and action in accordance with the Exelon Utility Money Pool Agreement (Money Pool Agreement) pursuant to *N.J.S.A. 48:3-7.2*.
- (6) Determinations pursuant to the Public Utilities Holding Company Act of 1935.

b. Issues to be resolved:

The issues in this proceeding are as follows:

- (1) Whether the joint petition satisfies the criteria contained in *N.J.S.A. 48:2-51.1* and the terms of *N.J.S.A. 48:3-10*.
- (2) Whether PSE&G may record a regulatory asset to offset the merger-related purchase accounting adjustments resulting in an increase in the balance sheet liabilities for PSE&G's pension and OPEB plans, as well as certain other items.
- (3) Whether the proposed General Services Agreement and Mutual Services Agreement satisfy the terms of *N.J.S.A. 48:3-7.1*.

- (4) Whether the proposed Money Pool Agreement satisfies the terms of *N.J.S.A. 48:3-7.2*.
- (5) Whether any other approvals or relief set forth in the petition should be granted.

**2. PARTIES AND THEIR DESIGNATED ATTORNEYS OR REPRESENTATIVES:**

Public Service Electric and  
Gas Company  
(petitioner)

John A. Hoffman, Esq.  
Matthew M. Weissman, Esq.  
Francis E. Delany, Jr., Esq.

Exelon Corporation  
(petitioner)

Mark L. Mucci, Esq.  
Stephen B. Genzer, Esq.  
Paul R. Bonney, Esq.

Board Staff

Susan J. Vercheak, DAG  
Margaret Comes, DAG  
Alex Moreau, DAG  
Christina Patel, DAG

Ratepayer Advocate

Badrhn M. Ubushin, Esq.  
Ami Morita, Esq.  
Judith B. Appel, Esq.

**3. SPECIAL LEGAL REQUIREMENTS AS TO NOTICE OF HEARING:**

Joint petitioners have published notice of the petition in twelve newspapers and provided notice to the clerks of municipalities and counties. Board Staff will handle any hearings for public participation in regard to this matter.

**4. SCHEDULED HEARING DATES, TIME AND PLACE:**

The hearing is scheduled for October 11, 12, 13, 14, 17, 18, 19, 20 and 21, 2005, beginning at 9:00 a.m. at the Office of Administrative Law in Newark, New Jersey.  
Note: no hearing on October 24, 2005.

**5. STIPULATIONS:**

No stipulations were possible at the time of the prehearing conference. However, the parties are encouraged to stipulate as many facts as possible prior to the hearing.

**6. SETTLEMENT:**

Settlement was not possible at the time of the prehearing conference. However, the parties are encouraged to attempt to resolve the matter through a settlement.

**7. AMENDMENTS TO PLEADINGS:**

The original filing in this matter was received by the Board of Public Utilities on February 4, 2005, and contained the joint petition designated Exhibit JP-1 and six testimonial exhibits marked as Exhibits JP-2 through JP-7. By letter dated February 7, 2005, petitioners amended the petition to withdraw petition paragraph 20(e) and Exhibit JP-6. By letter dated February 9, 2005, joint petitioners submitted revised pages to Exhibits JP-1, JP-2 and JP-3. By letter dated February 28, 2005, joint petitioners submitted substitute testimonial Exhibit JP-6.

**8. DISCOVERY AND DATE FOR COMPLETION:**

The parties will complete discovery on petitioners' direct testimony by July 29, 2005. Discovery on other parties' direct and surrebuttal testimony and petitioners' rebuttal will occur after their respective filing dates.

**9. ORDER OF PROOFS:**

The parties will agree on a witness schedule.

**10. EXHIBITS MARKED FOR IDENTIFICATION:**

Petitioners have submitted Exhibits JP-1 through JP-7.

**11. EXHIBITS MARKED IN EVIDENCE:**

None at this time.

**12. ESTIMATED NUMBER OF FACT AND EXPERT WITNESSES:**

Joint petitioners have submitted prefiled testimony of six witnesses and may present other witnesses on rebuttal. The other parties and potential intervenors have not yet determined whether they will sponsor the testimony of witnesses.

**13. MOTIONS CONTEMPLATED, PENDING OR GRANTED:**

- (a) No motions have been granted.
- (b) Pending motions:
  - (1) Intervention by New Jersey Natural Gas Company
  - (2) Intervention by Pepco Holdings Inc. and subsidiaries
  - (3) Intervention by Local 94 of International Brotherhood of Electrical Workers
  - (4) Intervention by Local 1289 of the International Brotherhood of Electrical Works
  - (5) Intervention by the New Jersey Large Energy Users Coalition
  - (6) Intervention by the East Coast Power, L.L.C.
  - (7) Intervention by PPL Electric Utilities Corporation, *et al.* (PPL parties)
  - (8) Admission *pro hac vice* of Paul F. Forshay, Esq.
  - (9) Admission *pro hac vice* of Paul R. Bonney, Esq.
  - (10) Intervention by Mt. Holly Municipal Utilities Authority and Stony Brook Regional Sewerage Authority
  - (11) Intervention by Rockland Electric Company
  - (12) Admission *pro hac vice* of John L. Carley, Esq.
  - (13) Intervention by New Jersey Public Interest Research Group Citizen Lobby, Inc.

- (14) Participation by New Jersey Citizen Action
- (15) Admission *pro hac vice* of Todd L. Goodman, Esq.
- (16) Intervention by South Jersey Gas Company
- (17) Intervention by Independent Energy Producers of New Jersey
- (18) Intervention by Local 153 of the Office and Professional Employees International Union

(c) Motions contemplated:

- (1) Admission *pro hac vice* of Jesse Dillon, Esq.
- (2) Intervention by United Association Local Union 855 of the Public Utility Construction and Gas Appliance Workers of the State of New Jersey

**14. OTHER SPECIAL MATTERS:**

The attached Proposed Schedule is approved and incorporated herein.

This matter may be reviewed by the Board of Public Utilities, either upon interlocutory review pursuant to *N.J.A.C.* 1:1-14.10 or at the end of the contested case pursuant to *N.J.A.C.* 1:1-18.6.

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DATE

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**RICHARD McGILL, ALJ**